



COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

DONALD L. WOLFE, Director

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May 18, 2006

IN REPLY PLEASE
REFER TO FILE: **PJ-2**

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**LAC+USC MEDICAL CENTER REPLACEMENT PROJECT
AWARD OF SUPPLEMENTAL AGREEMENT 18
CONTRACT PW-11875; HELLMUTH, OBATA, KASSABAUM, INC.
SPECS. 6550; C.P. 70787
SUPERVISORIAL DISTRICT 1
3 VOTES**

**JOINT RECOMMENDATION WITH THE CHIEF ADMINISTRATIVE OFFICER THAT
YOUR BOARD:**

Award and authorize the Director of Public Works to execute Supplemental Agreement 18 to Agreement PW-11875 with Hellmuth, Obata, Kassabaum, Inc., (HOK/LBL) for additional architectural/engineering services for a not-to-exceed amount of \$3,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approving the recommended action will provide sufficient funding for HOK/LBL to continue to provide architectural, engineering, design, medical equipment planning, and construction administration services for the LAC+USC Medical Center Replacement Project.

On October 1, 1998, your Board awarded Agreement PW-11875 to HOK/LBL for \$45,025,000 to provide the architectural and engineering services referenced above.

Subsequently, 17 Supplemental Agreements for additional unforeseen and out-of-scope services have been issued for a total value of \$1,001,626.

Since execution of this Agreement, several factors have caused HOK/LBL to incur additional unforeseen staff and overhead costs, some of which are explained below:

- The Office of Statewide Health Planning and Development (OSHPD) has become more stringent in the types of issues and changes that require Post Approval Documentation (PAD). PADs consist of instructional bulletins and/or change orders that document changes with any necessary plans, details, calculations, specifications, and construction change cost estimates. The increase in required PADs is over and above historical precedent and has required the architects/engineers to provide significantly more effort for the preparation, documentation, presentation, and administration of these documents.
- The service duration will be required to be extended due in part to several causes that were beyond HOK/LBL's control. This extension is partially attributed to an extended site preparation phase, an extended bid period, higher than normal rainfall, and the 2004 California wildfires that closed down the project's steel fabrication plant. These service duration extensions have caused HOK/LBL to incur operational inefficiencies in providing the same scope of work over a longer Contract duration.
- HOK/LBL has also been required to attend additional meetings, such as OSHPD presentations, and project management team meetings not originally anticipated.
- Items such as employee compensation and State-mandated Workers' Compensation insurance requirements have outpaced initial predictions based on historical factors to the degree that they impact the items above.

HOK/LBL has requested additional compensation for these unforeseen staff and overhead costs, and this Supplemental Agreement resolves this request and provides a release by HOK/LBL of any claims for additional compensation related to these issues.

Implementation of Strategic Plan Goals

These actions are consistent with the County Strategic Plan Goal of Fiscal Responsibility as the proposed action will help to insure the proper resources are available for a successful investment in public infrastructure.

FISCAL IMPACT/FINANCING

On April 11, 2006, your Board approved a revised total project budget of \$829,886,000. The project budget is funded from the combination of Federal Emergency Management Agency grant and short- and long-term borrowing. Approval of this action will not require an increase to the project budget. Sufficient funds are available in the approved total project budget for this supplement.

The recommended Supplemental Agreement with HOK/LBL, for a not-to-exceed fee of \$3,000,000, will bring the total Contract amount with HOK/LBL to \$49,026,626. The recommended supplement will be funded from existing contingency funds already included in the current project budget. The Project Budget Summary is included in Enclosure A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

A standard Supplemental Agreement, in the form previously approved by County Counsel, will be used. The existing Agreement with HOK/LBL includes the standard Board-directed clauses that provide for Contract termination, renegotiation, hiring qualified displaced County employees, and consideration of Greater Avenues for Independence Program/General Relief Opportunity for Work participants for future employment. HOK/LBL is in full compliance with Los Angeles County Code Chapter 2.200 (Child Support Compliance Program) and Chapter 2.203 (Contractor Employee Jury Services Program).

ENVIRONMENTAL DOCUMENTATION

On June 6, 2000, your Board certified the Environmental Impact Report/Environmental Assessment for the project. Approval of this action does not result in any environmental impacts.

CONTRACTING PROCESS

On October 1, 1998, your Board awarded Agreement PW-11875 to HOK/LBL to provide architectural/engineering services for the project. To date, 17 Supplemental Agreements have been awarded to provide additional services as required to ensure a complete and functional state-of-the-art hospital facility. We are now recommending award of Supplemental Agreement 18 for a not-to-exceed fee of \$3,000,000. This Supplemental Agreement will bring the total Contract amount to \$49,026,626, which is an increase of approximately 6.66 percent to the original Contract. The recommended fee is considered appropriate for the work involved and is consistent with the County's standards for work of similar complexity and scope.

With an initial construction cost for the site preparation and building construction of \$512,960,374, the original HOK/LBL Contract value of \$45,025,000 represents an approximate 8.78 percent fee. With this increase of \$3,000,000, the Contract value will represent an approximate 9.56 percent fee, an increase in the percent fee of 0.78 percentage points. Public Works has conducted an independent audit of HOK/LBL's overhead costs and finds their request to be reasonable for the work involved and consistent with the County's standards for work of similar complexity and scope.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

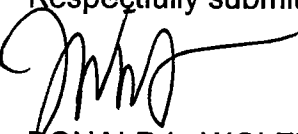
Not applicable.

The Honorable Board of Supervisors
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CONCLUSION

We have reviewed and reached majority approval from the Project Advisory Committee that the recommendation above be adopted. Please return an adopted copy of this letter to the Chief Administrative Office (Capital Projects Division) and Public Works.

Respectfully submitted,



for DONALD L. WOLFE
Director of Public Works

DAVID E. JANSSEN
Chief Administrative Officer

KY:pdw

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Enc.

cc: County Counsel
Department of Health Services (Fred Leaf)
Project Advisory Committee (A. Redmond Doms, Jerry Epstein, Nick Patsaouras)
Department of Public Social Services (GAIN/GROW Program)

May 18, 2006

ENCLOSURE

**LAC+USC MEDICAL CENTER REPLACEMENT PROJECT
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PROJECT BUDGET SUMMARY

Budget Category	Current Board-Approved Budget	Impact of this Action	Revised Project Budget
Land Acquisition	\$ 12,250,000	\$ 0	\$ 12,250,000
Make Ready (Bid Package A-1)	\$ 9,800,000	\$ 0	\$ 9,800,000
Construction			
Site Preparation	\$ 11,813,750	\$ 0	\$ 11,813,750
Remaining Construction Work			
(a) Base Bid	\$ 497,883,000	\$ 0	\$ 497,883,000
(b) Base Isolator Bearings	\$ 814,626	\$ 0	\$ 814,626
(c) Contingency	\$ 60,693,036	\$ 0	\$ 60,693,036
Remaining Work Subtotal	\$ 559,390,652	\$ 0	\$ 559,390,652
Construction Total	\$ 571,204,412	\$ 0	\$ 571,204,412
Equipment (Medical, Telecom/Data, and FFE)	\$ 82,595,097	(\$ 250,000)	\$ 82,345,097
Equipment Total	\$ 82,595,097	(\$ 250,000)	\$ 82,345,097
Architectural Services *	\$ 48,501,626	\$3,000,000	\$ 51,501,626
Contingency	\$ 2,401,865	(\$ 900,000)	\$ 1,501,865
Architectural Total	\$ 50,903,491	\$2,100,000	\$ 53,003,491
Consultant and Vendor Services	\$ 70,859,455	\$ 0	\$ 70,859,455
Contingency	\$ 2,458,545	(\$1,350,000)	\$ 1,108,545
Consultants and Vendor Services Total	\$ 73,318,000	(\$1,350,000)	\$ 71,968,000
Permits and Fees	\$ 9,311,000	\$ 0	\$ 9,311,000
County Services	\$ 20,504,000	(\$ 500,000)	\$ 20,004,000
TOTAL	\$ 829,886,000	\$ 0	\$ 829,886,000

* Includes \$2,475,000 for C.P. 77175